

MAYOR'S BUDGET MESSAGE
FISCAL YEAR 2013

AUGUST 7, 2012

Members of City Council,

During the past 12 months, Montgomery has been steadfast in its goal to remain the "Capital of Dreams". As citizens of this great city we have much of which we can be proud. In fact, pride is one of the key concepts in our vision statement. We want to sustain a safe, vibrant and growing Montgomery, in its entirety, that we can all be proud to call home.

One of the most critical responsibilities we have as a government is public safety. In 2011, Montgomery had its lowest crime rates in 20 years. So far in 2012, our overall crime rate is down 9.78 percent. Meanwhile violent crime has dropped 6.71 percent.

A big contributing factor is we have managed to place more police officers on the streets to watch over our homes and businesses. We currently have 531 officers, an all-time high. They're working hand in hand with conscientious citizens who have formed crime watch programs and are being good neighbors by serving as extra sets of eyes and ears for our police department.

Our officers are also benefitting from top-notch technology. Our Department of Public Safety now uses software that makes data-driven crime-fighting a reality. We're working smarter, more effectively and more efficiently.

We are also seeing historic performance levels at the Montgomery Fire and Rescue Department. When flames are burning or medical emergencies arise, a swift response saves lives. Right now, the response times for our fire suppression units and medic teams are both under four minutes.

This phenomenal standard is occurring because we have increased our Fire and Rescue personnel and given them the tools they need to save lives. Recently, we have converted five standard pumper trucks into advanced life support pumper vehicles and geographically placed them where they're needed the most. We have replaced a 34 year old aerial ladder truck with a new one that's taller and better equipped. We have just started the construction process at the old Montgomery Mall to house our newest fire station.

The City's ISO rating stands at two, that's the highest among Alabama's four largest cities. ISO is an independent rating based on our staffing, equipment, training and response times. Our two rating translates into big savings for Montgomery homeowners and businesses when they buy insurance.

We are also seeing increased performance at our Communications Department,

which handles emergency calls from the public. Last year, there were more than a quarter million calls to 9-1-1. Our personnel there fielded 668,000 calls in total, an increase of more than ten percent from the previous year. The numbers show, our dream of safety is a reality.

Montgomery's status as an economic engine is another reality. For the first seven months of this calendar year, new or existing companies have announced more than \$100-million in capital investment and 1,873 new jobs, and more are on the way.

The unemployment index figure quoted by economists is a misnomer. If we focus our attention on the number of people who are earning paychecks in our community, we see that there are 900 fewer people unemployed today than at this point one year ago. And in fact, 450 more are employed today than last month. Our mantra of "jobs, jobs, jobs" continues to pay huge dividends for us.

We have often said we are neither the board of education nor the superintendent, but one fact is undeniable: so go Montgomery public schools, so goes the city of Montgomery.

Our status as a quality educational system continues to gain momentum.

- * The number of AP courses in our high schools has climbed 94 percent, and the number of students enrolled in them now exceeds 1,000.

- * Pre-AP classes are now being taught in middle schools.

- * The International Baccalaureate curriculum, acclaimed around the world for academic excellence is coming to Montgomery classrooms.

- * Great expectations of our students is leading to great results. In 2011, graduating seniors earned \$15-million dollars in scholarships. For the class of 2012, the number climbed to \$23-million.

- * The high school academies and new MTEC program will ensure Montgomery high school graduates are equipped to thrive in the 21st century workplace.

- * Our schools are receiving improved public involvement and support from our chamber and business community.

- * Montgomery has four blue ribbon schools and the number one high school in the state.

Although our city's economy will grow about three percent this year, we have to remain vigilant about the economic elements that can impact us. Our continued reliance on sales tax as our largest revenue stream keeps us in a precarious position.

Consider this volatility: in 2007, the city earned 98 million dollars from the sales tax, an all-time high! In 2009 and 2010, the figure plummeted to \$84-million. This year, we're on pace to collect \$91-million. \$7-million above the free-fall we suffered in 2009 and 2010, but still \$7-million short of where we were a mere five years ago. Our ten percent total sales tax is too high and anti-competitive.

In this climate of economic uncertainty on the state and federal level, Montgomery has scored several important accomplishments.

The renovated Cramton Bowl and adjacent multiplex are key to Montgomery's status as a sports magnet. We've had the pleasure of hosting Alabama's best high school athletes during the recent all-star week. And in January, the eyes of the nation will focus on the Capital of Dreams when the inaugural Raycom College All-Star game is broadcast nationally on the CBS Sports Network.

Recently, we hosted thousands of athletes and their families when the National American Softball Association tournament brought in teams from across the country. That meant seven days of home runs in our ballparks and at our hotels, restaurants and shops.

Championship competition is also coming to our newly completed soccer complex. We'll be hosting the Southern State Athletic Conference Championship men's and women's tournaments and the national NAIA men's championship tournament later this year.

These athletic events are helping us realize our dream to become the sports capital of the South.

We're scoring big economic points as we forge a climate that is spreading prosperity to every corner of our city. The vibrancy of the Alley is expanding throughout our downtown. Retail incubators are operating across from the entrance of the Renaissance Hotel. Southern Trails and the Railyard Brewing Company are occupying the former Brew Pub location. The Alley now extends to Coosa Street. The Irish Bred Pub is set to open its doors on Dexter Avenue. Riverfront events and the expanded entertainment district will attract fun-seekers and commerce.

Our Westside Initiative continues to move forward with the construction of new

homes, attractive streetscaping and new businesses along the West Fairview corridor.

Our retail community is expanding on the eastern side of our community as well. New additions at the Shoppes at Eastchase and the connector road between Taylor and Ray Thorington are going to prime the pump for new growth with schools, apartments, churches and retail.

At several of our colleges and universities, the campuses are being dominated with major construction projects.

The country's great recession is over. But the recovery is stalled. Uncertainty surrounds the outcome of the November elections. In Alabama, state budget cuts are also looming. In spite of these conditions, Montgomery is moving in the right direction. For the upcoming fiscal year we are budgeting cautiously.

Six months from now, things across the nation and within the state will be much clearer, but we have to adopt a budget today.

As our city moves forward, we are presenting a plan for fiscal year 2013 that recognizes the importance of public safety and provides for police and fire and rescue personnel at historic levels.

Services that are essential for our citizens, such as sanitation, will receive increased funding. In Leisure Services, we're ensuring our facilities have maximum use to drive up revenues.

The 2013 budget recognizes the importance of the Convention and Visitor Bureau's tourism efforts, and the critical function of attracting jobs that is being done by the Chamber of Commerce and our city Development Department.

This past year, we have operated on revenue and spending of \$223-million. We propose a bare bones budget of \$226.4-million for fiscal year 2013. This recognizes the funding for essential services and meets an extremely conservative revenue target. It will provide for the continuation of our five year re-paving program and allows us to move closer to the return of home recycling pick-ups.

The 2013 budget does not include any new fees or any new taxes. It reflects one furlough day, which we hope we will not have to use. This budget does not contemplate increased health care premiums but does include regular step increases for eligible employees among our 2,666 in the workforce.

The passage of this budget will fund essential services, allow replacement of

needed equipment and vehicles to continue our proactive, scheduled capital program and will start Montgomery's new fiscal year on a conservative note. But as we talk and listen to our citizens and our Chief Financial Officer, it is evident that we need to do more.

We need enhanced public safety capability. We need to accelerate the paving of our streets and sidewalks. We need to repair our drainage ditches, eradicate blight, mow down high weeds and demolish dilapidated structures that serve as havens for crime and bring down the property values of nearby homes.

Our great city needs to increase our financial reserves beyond the levels we presently have to ensure a rainy day fund for the future. We should invest in our future by helping to fund Pre-K programs and we must strive to reduce sales tax in Montgomery below ten percent.

We are starting a review by experts to help us identify the means to lower our sales tax, in fact lower the total tax burden on our citizens and make revenue available to fund the projects mentioned above. We expect to have results from this review back to us in the November/December timeframe.

The research will help us identify ways to lower reliance on sales tax revenues... remember the roller coaster of uncertainty that took us from 98-million to 84-million in two years. And, an equally important objective of more reliance on cost sharing by all who currently use our services.

Those findings will be critical to Montgomery's future and our ability to sustain our vision of a home of which we can all be proud. For today, we request your support for the \$226.4-million budget for the new fiscal year.

Todd Strange

A handwritten signature in black ink, appearing to read 'Todd Strange', with a stylized flourish at the end.

Mayor